



Distr.
GENERAL

IDB.18/16
9 September 1997

United Nations Industrial Development Organization

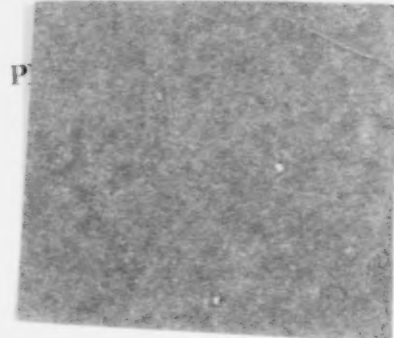
ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session

Vienna, November 1997

Item 7 of the provisional agenda



INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

Note by the Director-General

1. As stated in the revised provisional agenda (IDB.18/1 Rev.1), the inclusion of a supplementary item has been proposed by the Permanent Representative of Italy to UNIDO in accordance with rule 12 of the rules of procedure of the Board. The supporting statement is contained in the letters dated 11 and 29 August 1997 from the Permanent Representative of Italy to the President of the Board, Mr. I. Posta (Hungary), provided in the annex to the present document.

2. As requested by the Permanent Representative of Italy, a document on the issue will be submitted to the Board at its resumed eighteenth session.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

Annex

LETTERS FROM THE PERMANENT REPRESENTATIVE OF ITALY
TO THE PRESIDENT OF THE INDUSTRIAL
DEVELOPMENT BOARD

The Permanent Representative of Italy
to the International Organizations
Hoher Markt 8-9
1010 Vienna

Vienna, 11 August 1997

Excellency,

I have the honour to present, on behalf of the Italian Government, a formal request regarding the introduction of a new item within the provisional Agenda of the next Industrial Development Board as contained in document IDB.18/1.

On 11 March 1997 the Permanent Representative of Italy to UNIDO handed to the Director-General of UNIDO, Mr. Mauricio de Maria y Campos, a letter from the Italian Minister of Foreign Affairs, Mr. Lamberto Dini, concerning the Italian Government's will to change the status of the International Centre for Science and High Technologies (ICS) based in Trieste, at present included in the UNIDO framework.

In that letter Minister Dini expressed the intention to put the International Centre for Science and High Technologies (ICS) of Trieste under the aegis of UNESCO in order to create a unique scientific pole in Trieste which will include also the International Centre for Theoretical Physics (ICTP), also based in Trieste and which is working under the responsibility of UNESCO.

The Italian Government is convinced that by this transfer a greater harmonization of Institutions of the Trieste scientific pole could be achieved. At the same time, this harmonization in the framework of UNESCO would allow the conditions in the Trieste area for a successful integration between training and research activities in the interest of developing countries.

In this regard I wish to underline that this proposal should not be taken however as implying an unfavourable evaluation of UNIDO management; it is solely based upon and moved by criteria of efficiency and harmonization with similar Institutions which are already operating within UNESCO.

For this reason, the Italian Government, through you, asks the Director-General of UNIDO to kindly produce a working paper on this issue to be discussed during the resumed session of the next IDB indicating the present situation, the Italian position on this matter and any other useful elements.

Please accept, Sir, the assurances of my highest consideration.

(Signed) Vincenzo Manno

H.E. Ambassador Istvan Posta
President of the Industrial Development Board
UNIDO—Vienna

cc: Mr. Mauricio de Maria y Campos
Director-General
UNIDO—VIENNA

The Permanent Representative of Italy
to the International Organizations
Hoher Markt 8-9
1010 Vienna

Vienna, 29 August 1997

Sir,

I have the honour to refer to your letter of 29 August 1997 concerning the introduction of a new item in the Provisional Agenda of the XVIII Session of the Industrial Development Board, regarding the International Centre for Science and High Technology (ICS).

As I had the pleasure to explain to you in my letter of 11 August, a letter was sent on 26 February by the Italian Minister of Foreign Affairs, Mr. Lamberto Dini, and handed to the Director-General of UNIDO on 11 March, concerning the Italian Government's will to change the status of the above-mentioned Centre, at present included in the UNIDO framework.

In these two letters are clearly stated the reasons for this changing and I have to underline the urgency of this matter in the light of the need for an harmonization of the activities carried out by the scientific institutions based in Trieste. Such decision has been taken by the Italian Government in order to improve their synergies and efficiency through the establishment of a unique scientific pole under the aegis of UNESCO. Besides, this decision is also in line with the Business Plan which states that activities relating to High Technologies are to be abandoned.

Please accept, Sir, the assurances of my highest consideration.

(Signed) Vincenzo Manno

H.E. Istvan Posta
President
XVIII Session of IDB
UNIDO—Vienna



Distr.
GENERAL

IDB.18/16/Add.1
10 November 1997

United Nations Industrial Development Organization

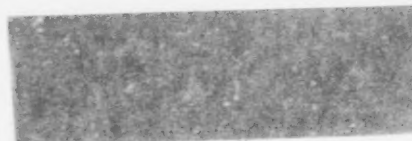
ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session

Vienna, November 1997

Agenda item 7



INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

Note by the Director-General

Addendum

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Chapter		
I. BACKGROUND	2 - 7	2
II. PRESENT SITUATION	8 - 10	2
III. THE FUTURE OF ICS	11 - 12	3
Annexes		
I. LETTER FROM THE MINISTER OF FOREIGN AFFAIRS		4
II. LETTER FROM THE DIRECTOR-GENERAL		5
III. ICS WORK PROGRAMME 1996-1997. MAIN EVENTS AS OF 30 OCTOBER 1997		7
IV. ICS PROJECT PROPOSALS, 1997-1998		12

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

1. The present note is issued in compliance with the request of the Permanent Representative of Italy, as reported in document IDB.18/16, annex.

I. BACKGROUND

2. The International Centre for Science and High Technology (ICS) emerged from a concept developed jointly by the Government of Italy and UNIDO through different stages. It started with two preparatory phases carried out from July 1988 to July 1995 with ad hoc contributions from the Government of Italy. On 22 November 1991, the General Conference adopted resolution GC.4/Res.14, in which the Conference took note that an international centre for science and high technology would be established, as described in document GC.4/39, and financed exclusively by additional voluntary contributions to UNIDO. At the same time, UNIDO and the Italian Ministry of Foreign Affairs negotiated and finalized the Institutional Agreement for the Centre, which was signed by the two parties involved in November 1993. In February 1994, the Italian Government and UNIDO agreed to undertake a forward-looking assessment of the programme and activities of ICS, for the purpose of bringing the activities of the Centre closer to the mandate of UNIDO.

3. With the entry into force of the Agreement concerning the institutional arrangements for the Centre in April 1996 (after its ratification), ICS was established as an autonomous scientific institution within the legal framework of UNIDO. The organs of the Centre are: the Rector, the Managing Director, the ICS Secretariat, the Steering Committee and the International Scientific Committee. In June 1996, the Centre became fully operational through an Italian contribution of \$9 million to cover the financial years 1995-1996.

4. In July 1996 the work programme and budget for 1996-1997 were approved by the Director-General of UNIDO, following the recommendations of the ICS Steering Committee, as provided for in the Institutional Agreement.

5. In consonance with the agreed ICS objectives—"to develop and strengthen the scientific and technological capabilities of developing countries in the creation and application of scientific knowledge"—the implementation phase of the first biannual ICS work programme was launched in August 1996, aiming specifically to promote technology transfer for the benefit of industrialization in developing countries and focusing on the following areas: chemistry; earth and the environment; and high technology such as composite materials, lasers and optic fibres.

6. In the process of implementation, building on UNIDO's accumulated experience, substantive complementarities and synergies have been achieved.

7. In March 1997, the Italian Ministry of Foreign Affairs requested the comments of the Director-General of UNIDO on the possible transfer of the ICS project to UNESCO. The comments of the Director-General were given in his reply dated 23 April 1997. Annexes I and II to the present document contain the exchange of correspondence between the Ministry and the Director-General. Subsequently, further written and oral exchanges regarding their positions took place between UNIDO and the Italian authorities.

II. PRESENT SITUATION

8. Since August 1996, the implementation of the first ICS work programme has featured the following activities:

(a) Thirty training workshops or awareness-building seminars have been carried out in: Bolivia, Brazil, Bulgaria, China, Cuba, Czech Republic, Egypt, Hungary, India, Indonesia, Kenya, Malaysia, Malta, Mexico, Morocco, Nigeria, Panama, Peru, Philippines, Republic of Korea, Russian Federation, Tunisia, Thailand, United Republic of Tanzania, Venezuela and Viet Nam;

(b) Twenty high-level meetings and seminars have been conducted to review and assess technological needs and priority areas where ICS should operate and focus;

(c) More than 1,000 experts, researchers, industrialists or technologists have been involved as lecturers or participants in the above activities;

(d) Several guidelines on the management of strategic business alliances between enterprises for technology transfer, on the identification of competitive technological needs, revitalization of R and D institutes, transfer of clean technologies and technology foresight are being finalized, tested and disseminated to enable effective technology transfer in all ICS activities in developing countries. A related and updated package for capacity-building in technology transfer management is currently undergoing field trials.

9. Many additional commitments have been made with identified counterparts in various developing countries and numerous scheduled activities are pending. The initiation of these specific activities (in Czech Republic, Egypt, Hungary, India, Indonesia, Malaysia, Mexico, Philippines, Poland, Slovakia, Slovenia, Thailand, Tunisia, Russian Federation, Viet Nam and other countries) was awaiting the release of the 1997 contribution by the Italian authorities, which has now been effected.

10. The implementation of the 1996-1997 work programme thus far has generated 17 different large projects, and the related follow-up activities represent an

estimated value of \$19 million, as shown in annex IV to the present document. The respective proposals are at present being developed in close cooperation with target beneficiary institutions or enterprise associations in Argentina, Brazil, Cameroon, Chile, China, Colombia, Côte d'Ivoire, Czech Republic, Egypt, Ghana, Guinea, Hungary, India, Malaysia, Nigeria, Poland, Slovakia, Tunisia, Turkey, Russian Federation and Viet Nam.

III. THE FUTURE OF ICS

11. The views of the Director-General of UNIDO on the proposed transfer are expressed in the letter of 23 April 1997 to the Foreign Minister of Italy (see annex II) as well as in subsequent letters to the Italian authorities. His position was also explained, *inter alia*, at a meeting in

Rome on 23 September 1997 between UNIDO officials and representatives of Italian ministries. It is the view of the Director-General that a solution needs to be based on the Agreement between UNIDO and the Government of Italy concerning the institutional arrangements for ICS, specifically on the provision for ending the Agreement by mutual consent (as contained in Article X, para. 4, point a)). In this context, specific attention should be paid to existing commitments and ongoing activities extending into the next biennium, which will require appropriate transitional arrangements.

12. In the light of the excellent spirit of cooperation that has hitherto prevailed between UNIDO and the host country authorities, it is expected that consensus on the future of ICS will be achieved.

Annex I

LETTER FROM THE MINISTER OF FOREIGN AFFAIRS

[unofficial translation from Italian]

THE MINISTER OF FOREIGN AFFAIRS

Mr. Director-General,

As you are certainly aware, in a new political and economic framework, the Italian Government is committed to supporting the enhancement of the activities of the UNESCO Regional Office for Science and Technology in Europe (ROSTE) located since 1988 in Venice, as a consequence of the agreement signed in Paris on 25 January 1995 with the Director-General of UNESCO.

The further enhancement of ROSTE provides the opportunity to further rationalize the United Nations scientific institutions based in Italy. The Italian Government firmly intends to pursue it, acting in close agreement with the relevant international organizations, to this effect it has the intention to put the International Centre for Science and High Technology (ICS) of Trieste under the umbrella of UNESCO. An analogous decision was taken two years ago, when the International Centre for Theoretical Physics (ICTP) was moved from IAEA to UNESCO. In fact we are convinced that by this transfer a greater harmonization of institutions of the Trieste scientific pole could be achieved. At the same time, this harmonization in the framework of UNESCO would allow the conditions, in the Trieste area, for a successful integration between training and research activities, in the interest of the developing countries. The relationship between the relevant institutions of the Eastern and Western European countries in the field of science and culture would take advantage of the further enhancement of ROSTE.

In this regard, I wish to underline that the proposal to move the International Centre for Science and High Technology from UNIDO to UNESCO should not be taken, however, as implying an unfavourable evaluation of the UNIDO management: it is solely based upon and moved by criteria of efficiency and harmonization with similar institutions which operate within UNESCO.

The move, of course, will not affect the existing fruitful cooperation between Italy and UNIDO in the field of industrial development, which is already in a meaningful way carried out by UNIDO's Investment Promotion Office in Milan. Of course IPO will continue to develop the great opportunities of the programme devoted to supporting the establishment of small and medium enterprises in developing countries.

I will be grateful if you would let me know your opinion about this proposal, which has also been submitted to the Director-General of UNESCO, Mr. Federico Mayor. If all concerned parties will agree, as I presume they will, the act formalizing the move of the management of ICS under UNESCO might be agreed upon as soon as possible.

Please accept, Mr. Director-General, the assurances of my highest consideration and my best wishes.

Lamberto Dini

Annex II

LETTER FROM THE DIRECTOR-GENERAL

DIRECTOR-GENERAL

Vienna, 23 April 1997

Sir,

I have the honour to refer to your letter of 10 February 1997 concerning the International Centre for Science and High Technology (ICS) in Trieste that was handed over to me by Mr. Alberto Indelicato, Permanent Representative of Italy to UNIDO, on the occasion of his visit to my office on 11 March 1997.

In your letter you advised me that, with a view to harmonizing the training and research activities carried out in the area of Trieste, it is now the intention of the Government of Italy to place under the responsibility of UNESCO the various United Nations scientific institutions based in Italy, such as the UNESCO Regional Office for Science and Technology in Europe (ROSTE) and the International Centre for Theoretical Physics (ICTP). With this intention in mind, you have also enquired about my opinion with regard to a possible transfer of the ICS to UNESCO, in order to place it under the same umbrella as the above-mentioned institutions.

At the outset, may I briefly recall the manner in which the ICS was initially conceived and the process by which it was established by the governing bodies of UNIDO:

(1) The idea of establishing an International Centre for Science and High Technology (ICS) originated within UNIDO's programmes in 1988 and its activities were implemented since then through projects financed by extrabudgetary contributions from the Government of Italy.

(2) The ICS was established as a subsidiary body of UNIDO by a decision of the Industrial Development Board in 1991. The establishment of the ICS was endorsed by the General Conference which also approved that the Centre and its activities would be financed through annual contributions from the Government of Italy and any additional voluntary contributions to be made to UNIDO by Member States for that purpose. The governing bodies of UNIDO also endorsed the conclusion of an agreement with the Government of Italy for the financing of the Centre.

(3) The Agreement concerning the Institutional Arrangements for the ICS was concluded between UNIDO and the Government of Italy on 9 November 1993 and entered into force on 30 April 1996, following its ratification by the Italian Parliament. With the entry into force of the Agreement in April 1996 the Centre was established as an autonomous scientific institution within the legal framework of UNIDO.

In your letter reference was also made to the recent transfer of ICTP from the International Atomic Energy Agency (IAEA) to UNESCO and to the possibility of a similar transfer of ICS to UNESCO.

His Excellency
Mr. Lamberto Dini
Ministry of Foreign Affairs
Rome, Italy

In this connection, please allow me to point out that the example of the ICTP might not be applicable here, in view of the fundamental differences in the way the two institutions were conceived and established. Indeed, while the ICS is an exclusively UNIDO institution, which was established within UNIDO's legal framework and managed by UNIDO, the ICTP is jointly owned by IAEA and UNESCO and a Tripartite Agreement between the Government of Italy and the two organizations was concluded for the activities of ICTP and its seat. As you know, ICTP was previously managed by IAEA on behalf of the two organizations; but it was recently decided by the two organizations that the administrative responsibility for the Centre should be transferred to UNESCO which is now carrying it out on behalf of the two organizations.

Finally, it is stressed in your letter that the idea of the transfer of ICS from UNIDO to UNESCO does not imply any unfavourable evaluation of the UNIDO management of the Centre and of its activities and that it will not affect the existing effective cooperation between UNIDO and the Government of Italy in the field of industrial development.

In view of your statement, it is my hope that UNIDO and your Government can continue and strengthen their cooperation within the ICS, whose mandate is in line with the objectives and priorities of UNIDO's programmes, particularly the Technology Services Programme.

Nevertheless, should the Government of Italy still wish to propose a review of the existing arrangements concerning the status, the management and the activities of the ICS, I would be ready to bring such a proposal to the attention of the governing bodies of UNIDO, including its General Conference, which originally approved the guidelines for the establishment of the ICS.

Please accept, Sir, the assurances of my highest consideration.

[Signed]

Mauricio de Maria y Campos
Director-General

Annex III

ICS Work Programme 1996-1997 Main Events as of 30 October 1997

From	To	Code	Activity	Subject	Location	Participants	Status	Other characteristics
03-Oct-96	04-Oct-96	4 6 7	Round table	Briefing round table for the EGM on Technological Needs for Sustained Competitiveness	Austria, Vienna		Implemented	
07-Oct-96	09-Oct-96	2 1 1	SPCM	DSS and environmental impact assessment for industrial development	Italy, Trieste	11 international experts	Implemented	By invitation
08-Oct-96	09-Oct-96	4 6 2	Preparatory meeting	Technology Transfer Management, preparatory meeting of experts	Austria, Vienna		Implemented	
10-Oct-96	12-Oct-96	2 2 1	SPCM	Monitoring of industrial Siting and Pollution by remote Sensing and in-situ automated instrumentation	Italy, Trieste	11 international experts	Implemented	By invitation
21-Oct-96	23-Oct-96	2 4 1	SPCM	Biodiversity Prospecting and Business Creation	Italy, Trieste	11 international experts	Implemented	By invitation
28-Oct-96	30-Oct-96	3 1 1	SPCM	Laser Sources and Applications to industry and environment	Italy, Trieste	10 international experts	Implemented	By invitation
11-Nov-96	12-Nov-96	4 6 4	Preparatory meeting	Preparatory Meeting of Experts on SBAs	Austria, Vienna	8 participants & 1 from ICS	Implemented	
11-Nov-96	11-Nov-96	4 6 5	Preparatory meeting	Informal Round Table on Strengthening ICS Networked R&D Centres	Austria, Vienna	12 participants	Implemented	
13-Nov-96	14-Nov-96	2 5	Round table	EMS	Austria, Vienna		Implemented	
13-Nov-96	15-Nov-96	3 3 1	SPCM	Composite Materials and Waste Minimization in developing countries	Italy, Trieste	8 international experts	Implemented	By invitation
20-Nov-96	22-Nov-96	1 3 1	SPCM	Biophyto Remediation	Italy, Trieste	7 international experts from industrialized & developing countries & Eastern Europe	Implemented	By invitation
25-Nov-96	03-Dec-96	2 1 2 a	Training course	Industrial Risk Assessment for integrated coastal zone management a training course on geographic information systems	Malta	15 participants	Implemented	Fund for International Studies University of Malta, main organizer
26-Nov-96	28-Nov-96	3 2 1	SPCM	Optical Fibre Sensors and Communications	Italy, Trieste	7 international participants	Implemented	By invitation
02-Dec-96	14-Dec-96	4 10 2		International School on Satellites and Environment	Mexico, Puebla		Implemented	ICS financial contribution only
02-Dec-96	03-Dec-96	4 6 7	EGM	Identification of Critical Technological Needs for Sustained Competitiveness	Austria, Vienna	21 participants	Implemented	
04-Dec-96	06-Dec-96	1 1 1	SPCM	Catalytic Processes for Petrochemical Industries	Italy, Trieste	7 experts from industrialized countries, Arab countries & Latin America	Implemented	By invitation
11-Dec-96	13-Dec-96	4 6 1	Workshop	Technology Monitoring and Forecasting	Bolivia, Santa Cruz	22 international participants & 5 from international organization & 4 from UNIDO	Implemented	
17-Dec-96	19-Dec-96	1 2 1	SPCM	Biodegradable Plastics	Italy, Trieste	7 experts from industrialized countries & from Eastern Europe	Implemented	By invitation

From	To	Code	Activity	Subject	Location	Participants	Status	Other characteristics
09-Jan-97	11-Jan-97	2 3 1	SPCM	Industrial exploitation of indigenous Medical and Aromatic Plants - Chemical Aspects	Italy, Trieste	9 international experts	Implemented	By invitation
29-Jan-97	31-Jan-97	1 4 1	SPCM	Combinatorial Chemistry Applications	Italy, Trieste	12 - 15 international experts	Implemented	By invitation
26-Feb-97	26-Feb-97	4 6 2	Mid-term meeting	Technology Transfer Management	Austria, Vienna	2 outside participants	Implemented	
03-Mar-97	07-Mar-97	3 3 2 a	Workshop	Composite Materials and Waste Minimization	Italy, Bergamo	15 participants	Implemented	4 6 3 Technology Management Module (2 days)
10-Mar-97	11-Mar-97	4 6 1	EGM	Technology Monitoring and Forecasting	Spain, Madrid	5 - 6 participants, 3 from UNIDO	Implemented	hosted by CYTED
17-Mar-97	26-Mar-97	2 2 2 a	Training course	Remote Sensing Techniques for the Development of Monitoring Networks in Industrial Urban Areas	Kenya, Nairobi	15 participants from East Africa	Implemented	
17-Mar-97	21-Mar-97	4 6 5	Workshop	Revision of the Case Studies on Revitalization of R&D Centres	Russian Federation, Moscow	15 participants	Implemented	By invitation
21-Apr-97	24-Apr-97	2 5 1	EGM	TEEMS - Guidelines for SMEs	Austria, Vienna	15-18 participants	Implemented	review & finalize EMS Guidelines on introduction, acquisition, transfer, absorption & monitoring of ESTs in SMEs in developing countries
27-Apr-97	11-May-97	3 2 2 a	Training course	Optical Fibre Sensors and Communications	Korea South, Kwang Ju	40 participants	Implemented	4 6 3 Technology Management Module (2 days) Subcontract KAIST Taejeon
19-May-97	28-May-97	3 1 2 a	Training course	Basic Use of Lasers in small-scale Industry and in Environmental Monitoring	Brazil, Sao Paulo	20 participants from Latin American countries	Implemented	4 6 3 Technology Management Module (2 days)
02-Jun-97	14-Jun-97	1 3 2 a	Training course	Technical and Economical Evaluation of Soil Bio-Phytoremediation	Hungary, Budapest	20-25 participants	Implemented	Subcontract John Bela National Institute for Public Health
09-Jun-97	18-Jun-97	2 1 2 a	Training course	Geographic Information Systems and Water Management for Industrial Activities	Viet Nam, Hanoi	20 participants from South East Asia	Implemented	
10-Jun-97	14-Jun-97	4 6 2	Training course	Technology Transfer Management	Malaysia, Kuala Lumpur	25 participants	Implemented	Courierpart Malaysia Technology Development Corporation
16-Jun-97	19-Jun-97	4 6 8	EGM postponed	Application at the Incubation Process	Italy, Trieste	6 participants	Implemented	in cooperation with the World Conf on Science & Technology Parks at Area di Ricerca, 6 resource persons invited, as EGM postponed
17-Jun-97	27-Jun-97	2 3 2 a	Training course	Industrial exploitation of indigenous Medicinal and Aromatic Plants	China, Beijing	30 participants from East Asia	Implemented	4 6 3 Technology Management Module (2 days)
21-Jun-97	03-Jul-97	1 2 2	Training course	Biodegradable Plastics	Egypt, Alexandria	20 participants	Implemented	4 6 3 Technology Management Module (2 days) Subcontract Arab Society of Mathematical Sciences
02-Jul-97	11-Jul-97	2 4 2 a	Workshop	Sustainable Utilization of Genetic Resources	Philippines, Manila	15-20 participants	Implemented	4 6 3 Technology Management Module (2 days)
14-Jul-97	18-Jul-97	4 6 2	Training course	Technology Transfer Management	Russian Federation, St Petersburg	25 participants from HT SMEs	Implemented	Subcontract St Petersburg Regional Foundation for Scientific & Technology Development
28-Jul-97	08-Aug-97	1 4 2 b	Training course	Industrial Applications of Structure-based Design and Combinatorial Chemistry	Malaysia, Kuala Lumpur	15 participants & lecturers	Implemented	Subcontract to University of Malaya

From	To	Code	Activity	Subject	Location	Participants	Status	Other characteristics
04-Aug-97	08-Aug-97	3.2 c	Workshop	Composite Materials and Waste Minimization: Fibre reinforced materials based on local resources	United Republic of Tanzania, Dar es Salaam	30 participants	Implemented	Co-sponsoring by the host country
08-Sep-97	19-Sep-97	1.4.2 a	Training course	Combinatorial Chemistry with industrial Applications	Italy, Naples	12 - 15 participants	Implemented	Subcontract: Tecnogen
08-Sep-97	21-Sep-97	3.2.2 b	Training course	Optical Fibre Sensors and communications	Viet Nam, Hanoi	30 participants	Implemented	4.6.3. Technology Management Module
15-Sep-97	18-Sep-97	2.5	Internal workshop	TEEMS	Tunisia, Tunis	6-10 participants	Implemented	To re-assess the diagnostics & develop a programme for Tunisia
15-Sep-97	17-Sep-97	4.6.4	EGM	Revision of Guidelines on Strategic Business Alliances	Viet Nam, Hanoi	16 participants, 4 international experts, 3 UNIDO staff	Implemented	
22-Sep-97	27-Sep-97	2.4.2 b	Workshop	Bioprospecting and Strategies for Industrial Exploitation of Medicinal and Aromatic Plants	Nigeria, Enugu	15-20 participants from West & Central Africa	Implemented	4.6.3. Technology Management Module (2 days)
06-Oct-97	17-Oct-97	1.3.2 b	Training course	Technical and economical evaluation of soil biophytoremediation	Bulgaria, Plovdiv	20 - 25 participants	Implemented	Subcontract: Agricultural University Plovdiv
20-Oct-97	23-Oct-97	3.1	Training course	Laser Applications in Industry	Peru, Lima	60 - 70 participants from Peru	Implemented	New activity: Follow-up eco-training of course held in Brazil
27-Oct-97	07-Nov-97	2.2.2 b	Training course	Predictive modelling of Environmental Impact of Industrial Development in urban-coastal Areas: Planning for a Monitoring Network	Morocco, Agadir	15 from North West Africa	Under implementation	Subcontract
27-Oct-97	31-Oct-97	4.6.2	Training course	Technology Transfer Management	Cuba, Havana	25 participants	Not yet implemented	Subcontract
03-Nov-97	13-Nov-97	3.2.2 b	Training course	Composite Materials based on Fly Ash and Industrial Waste Resources	China, Shanghai	30 participants	Not yet implemented	4.6.3. Technology Management Module (2ds)
04-Nov-97	07-Nov-97	2.5	Internal workshop	TEEMS	Czech Republic, Prague	6 - 10 participants	Not yet implemented	Dates tentative: number of UNIDO participants tentative
10-Nov-97	15-Nov-97	1.2	Workshop	Biodegradable Plastics	India, Pune	25 participants	Not yet implemented	
10-Nov-97	22-Nov-97	3.1.2 b	Training course	Laser Sources and applications in medicine and environment	Tunisia, Tunis	30 participants	Not yet implemented	4.6.3. Technology Management Module subcontract: Tunisian Society of Physics Univ of Tunis
17-Nov-97	22-Nov-97	2.5	Workshop	TEEMS India: demonstration project preparatory workshop	India, New Delhi	6 - 10 participants	Not yet implemented	
23-Nov-97	04-Dec-97	1.1.2 a	Training course	Catalytic processes for Petrochemical Industries	Egypt, Cairo	50 participants	Not yet implemented	Co-sponsored by the host country
24-Nov-97	04-Dec-97	2.5	Workshop	TEEMS Philippines demonstration project preparatory workshop	Philippines, Manila	6-10 participants	Not yet implemented	
24-Nov-97	05-Dec-97	2.3.2 b	Training course	Production of Phytomedicines	Panama, Panama City	15 participants from Central / South America	Not yet implemented	4.6.3. Technology Management Module (2 days)
1998	xx	1.1.2 b	Training course	Catalytic processes for petrochemical industries	Mexico, Mexico City	xx	Not yet implemented	Dates to be determined
1998	xx	1.3	Workshop	Water Waste Management (Bio-remediation)	Viet Nam, Hanoi	25 participants	Not yet implemented	Dates to be determined

From	To	Code	Activity	Subject	Location	Participants	Status	Other characteristics
1998	xx	2 5	Seminar	TEEMS	Tunisia, Tunis	xx	Not yet implemented	Present results of the demonstration project & present programmes for Phase II
1998	xx	4 6 1	Preparatory Meeting	Technology Monitoring and Forecasting	Indonesia, Jakarta	5 participants	Not yet implemented	Dates to be determined
1998	xx	4 6 1	EGM	Technology Monitoring and Forecasting	Thailand	20 participants	Not yet implemented	Dates to be determined
1998	xx	4 5	Training course	Training on Utilization of Information Management Systems	xx	8 - 10 participants	Not yet implemented	Dates to be determined
1998	xx	4 5	Training course	Training on Utilization of Information Management Systems	Italy, Trieste	8 - 10 participants	Not yet implemented	Dates to be determined
1998	xx	4 6 5	EGM & Workshop	Revision of the Case Studies on Revitalization of R&D Centres	xx	10 participants	Not yet implemented	Suspended
1998	xx	4 6 5	EGM & Workshop	Revision of the Case Studies on Revitalization of R&D Centres	Thailand or China	15 participants	Not yet implemented	Dates to be determined
1998	xx	4 6 1	Donor meeting	Technology Monitoring and Forecasting	Venezuela, Caracas	20 participants	Not yet implemented	Dates to be determined
1998	xx	4 5	Training course	Training on Utilization of Information Management Systems	xx	8 - 10 participants	Not yet implemented	Dates to be determined
1998	xx	4 5	Training course	Training on Utilization of Information Management Systems	xx	8 - 10 participants	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	Regional Business Round Table and Awarding Ceremony	Philippines, Manila	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 8	EGM	Venture Capital as Tool for Fostering Innovation and development of incubated enterprises	Italy, Trieste	15-20 national and international participants	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Bulgaria, Sofia	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Malaysia, Kuala Lumpur	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Czech Rep., Prague	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Hungary, Budapest	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Indonesia, Jakarta	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Philippines, Manila	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Poland, Warsaw	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Slovakia, Bratislava	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Slovenia	xx	Not yet implemented	Dates to be determined

From	To	Code	Activity	Subject	Location	Participants	Status	Other characteristics
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Thailand, Bangkok	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Romania, Bucharest	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	Regional Business Round Table and Awarding Ceremony	xx	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Round table	National Business Round Table and Awarding Ceremony	Viet Nam, Hanoi	xx	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Workshop	Methodological Workshop (operative documents)	Czech Rep. Prague	8 - 12 participants	Not yet implemented	Dates to be determined
1998	xx	4 6 9	Workshop	Methodological Workshop (operative documents)	Philippines, Manila	8 - 12 participants	Not yet implemented	Dates to be determined

Abbreviations

CYTED

Programa Iberoamericano de Ciencia y Tecnología para el Desarrollo

DSS

decision support systems

EGM

expert group meeting

EMS

environment management system

EST

environmentally sound technologies

HT

high technology

KAIST

Korean Advanced Institute for Science and Technology

SBA

strategic business alliance

SME

small and medium enterprise

SPCM

scientific planning and coordination meeting

Annex IV

ICS PROJECT PROPOSALS
1997-1998

ICS Project No.	Sub-programme	Title	Country	Deadline	Potential Donor	Tentative Budget US\$
97/01	1.2	Biodegradable polylactic acid films for commodity packaging	Turkey	Dec-97		200,000
97/02	1.2	Recycling of waste gelatine from pharmaceutical industry	Egypt	Dec-97		200,000
97/03	1.3	Bioremediation: Decontamination of goudron waste disposal	Slovakia	Nov-97		4,000,000
97/04	1.3	Remediation of polluted site in Poland	Poland	Nov-97		300,000
97/04.1	1.3	Phytoremediation of contaminated soil for use for agricultural purposes	Hungary	completed	Hungary	150,000
97/05	1.4	Implementation of CC/CT in the Indian pharmaceutical industry	India	Dec-97	To be identified	150,000
97/06	1.4	Establishment of national CAMD-CHEM Centre	Malaysia	Nov-97		300,000
97/07	2.1	SIAMS: shipping, information and monitoring system	Mediterranean	Sep-97	European Union	150,000
97/08	2.1	Application of GIS in Environmental Management in the Northern Economic Zone of Viet Nam - Balancing Industrial Growth with Environmental Protection	Viet Nam	Mar-98	Italy	800,000
97/09	2.3	Multimedia databank on medicinal plants	China	Dec-97	Italy	900,000
97/10	2.3	Medicinal Plants	Western Africa		GEF	2,500,000
97/11	2.4	Biodiversity Prospecting	Cambodia	Jun-98	GEF	2,000,000
97/12	2.5	Technologically Enhanced Environmental Management Systems (TEEMS) Capacity Building	Tunisia	Dec-97	European Union	1,000,000
97/13	2.5	Technologically Enhanced Environmental Management Systems (TEEMS) Capacity Building	Czech Republic	Dec-97	European Union	1,000,000
97/14	3.3	Database on availability and properties of natural fibres and composites	India	Oct-97		200,000
97/15	3.3	Tannery sludges exploitation in building ceramics	Regional Asia/Africa	Oct-97		150,000
97/16	3.3	High Tech ceramic-powder processing	Asia	Oct-97		150,000
97/17	4.6.1	Technology Forecasting	LAC	Dec-97	IDB	4,700,000
97/18	4.6.5	Restructuring of R&D Centres	Russia	Mar-98	UNDP + Local Authorities	500,000
		TOTAL				19,350,000

Abbreviations

CAMD-CHEM	computer-aided molecular design—chemistry
CC/CT	combinatorial chemistry/combinatorial technology
GIS	Geographical Information System



Distr.
GENERAL

IDB.18/16/Add.2
11 November 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session
Vienna, Vienna, November 1997
Agenda item 7

INTERNATIONAL CENTRE FOR SCIENCE AND HIGH TECHNOLOGY

Note by the Secretariat

Summary

Presents the views of the Government of Italy on the proposed transfer of the International Centre for Science and High Technology.

ICS: Transfer to UNESCO

1. In recent years the Italian Government has been pursuing a greater rationalization of the United Nations institutions based in Italy by promoting the concentration of similar activities within the same organizations and trying to avoid duplications. To this effect it is the intention of the Italian Government to promote, in close agreement with the international organizations concerned, the transfer of the International Centre for Science and High Technology (ICS) of Trieste, under the umbrella of UNESCO. A similar decision was taken two years ago, when the International Centre for Theoretical Physics (ICTP) was moved from IAEA to UNESCO. In fact, we are convinced that by this transfer greater synergies among the institutions of the Trieste Scientific Pole could be achieved.

2. The Scientific Pole of Trieste includes the International Centre for Theoretical Physics (ICTP), founded by the Nobel Prize-winner Prof. Abdus Salam, and followed by the International Centre for Genetic Engineering and Biotechnology (ICGEB), the Third

World Academy of Science (TWAS) and, lately, by the International Centre for Science and High Technology. The centres operate according to a similar pattern which is based on the ICTP training model. Some of these scientific institutions, along with the Regional Office for Science and Technology in Europe (ROSTE), based in Venice, are set up within the legal framework of UNESCO, while ICGEB is a separate organization with its own constituency and decision-making organs.

3. The Italian Government is firmly convinced that the harmonization in the framework of UNESCO would allow the conditions for an even more successful integration between training and research activities, and would enable ICS to further develop its own research component, in the interest of the developing countries. In addition, the relationship between the relevant institutions of Eastern and Western European countries in the field of science and culture would take advantage of the further enhancement of ROSTE, which could promote synergic relations with other areas of the world, in particular with the countries of the Mediterranean Basin.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

4. In the context of the ongoing reform process, Member States agreed on the need for UNIDO to concentrate on those support functions in which the Organization has a comparative advantage over the multilateral development organizations and bilateral assistance.

5. Following a long and constructive debate, Member States agreed that the above implies discontinuation of a number of activities, among which the Business Plan specifically mentions "research and industrial studies which are not clearly target oriented" and the "promotion of advanced technologies without proven industrial use". It must be noted that in the present situation ICS is primarily devoted to training people from scientific and technological institutions and to networking research and development centres, while it has only a very limited financial capacity to develop its own research potential. We are convinced that within the institutional framework of UNESCO, ICS could further develop its core research component, while continuing to implement, in close collaboration with UNIDO, the work programme related to industrial technology development.

6. The international technology centres established by UNIDO, which include the International Centre for Science and High Technology (ICS), belong to Subprogramme C.1.2: Technological Capacity-building, which is part of Major Programme C: Strengthening of Industrial Capacities. As specified in the 1998-1999 programme and budget document, the objective of the is to assist institutions and, through the Subprogramme

upgraded support rendered by these institutions, industrial enterprises in recipient countries in their efforts towards identification, development, adaptation and commercialization of industrial technologies, thereby reducing investment risks and enhancing the absorptive capacity for investments. The Subprogramme will focus its activities particularly on advisory services on technology policies/management as well as on support to the management of research and development activities, on support to Governments, to research and development institutions and to private sector associations in strengthening indigenous capacities and networks for technological innovation in industry. UNIDO's specific role in this matter, therefore, is to provide a mechanism for effectively linking technology promotion with investment opportunities, while research itself is not specific to UNIDO.

7. The proposal to move the ICS project from UNIDO to UNESCO does not imply an unfavourable evaluation of UNIDO's management but it is solely based upon and moved by criteria of harmonization with similar institutions operating within the framework of UNESCO and to better respond to the priorities set up in the Business Plan adopted by Member States.

8. Italy is proposing the mutually agreed transfer of ICS to UNESCO, and seeks the endorsement of the Board to this proposal for final decision to be taken by the General Conference, which would be expected to also give the necessary mandate for the adoption of an agreement between UNIDO and UNESCO to develop their future cooperation on the matter of industrial technology.



Distr.
GENERAL

IDB.18/17
7 October 1997

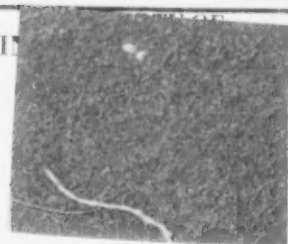
United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session
Vienna, November 1997
Agenda item 5

PR1



FUTURE ROLE AND FUNCTIONS OF UNIDO

Intersessional working group on the future role and functions of UNIDO

Report of the Chairman
(Mr. I. Posta, Hungary, President, Industrial Development Board)

Summary

Updates the progress report on the work of the intersessional working group submitted to the seventeenth session of the Board (IDB.17/25).

1. In its decision IDB.S.7/Dec.3, the Board decided to establish an intersessional working group with equitable geographical representation, under the chairmanship of Mr. I. Posta (Hungary), to further advance the process of definition of the future role and functions of UNIDO. The Chairman submitted a written progress report to the seventeenth session of the Board (IDB.17/25) containing a Draft business plan on the future role and functions of UNIDO, that was subsequently adopted by the Board (IDB.17/Dec.2). In addition, the Chairman provided an oral report on the work of the working group (cf. summary record IDB.17/SR.3, paras. 1-8).

2. In its decision IDB.17/Dec.2, the Board also requested the intersessional working group to continue its work and to further develop, in consultation with the Secretariat, a set of criteria and indicators that would allow the future assessment of the implications and monitoring of the implementation of the UNIDO reform process, including the performance of the Organization, in particular through the programme and budgets.

3. The present report is submitted in compliance with paragraph (f) of decision IDB.17/Dec.2, in which the Chairman of the intersessional working group is requested

to report to the Board before the seventh session of the General Conference.

4. At a meeting convened on 28 August 1997, the intersessional working group considered advance versions of the indicative 10, 20 and 30 per cent budget reduction proposals for the programme and budgets, 1998-1999, submitted by the Director-General (IDB.18/15/1-3). The working group also had before it advance versions of documents submitted by the Director-General on programme and policy implications of the indicative budget reduction proposals (IDB.18/15/4), and on their personnel and financial implications (IDB.18/15/5). Document IDB.18/15/4, chapter VI, contained information on a first set of basic quantifiable performance indicators, which were noted with appreciation.

5. At the meeting, it was acknowledged that the volume of documentation and its recent distribution did not permit a thorough examination of the many implications contained therein. Following a general discussion, supported by Secretariat presentations, the working group considered that the issue should be taken up by the Programme and Budget Committee at its thirteenth session, and that it had concluded its work.

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.



Distr.
GENERAL

IDB.18/18
6 November 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session
Vienna, November 1997
Agenda item 4 (i)

PR [REDACTED] Y

WITHDRAWAL OF THE UNITED STATES OF AMERICA

Options for the collection of unpaid assessed contributions from the United States Government

Report by the Director-General

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	2
Chapter		
I. POLITICAL OPTIONS	2 - 11	2
A. Contact Group of Member States	2 - 3	2
B. Enlisting the support of non-governmental organizations and industry groups	4 - 6	2
C. Purchase and procurement linkages	7	2
D. Debt settlement option	8 - 11	2
II. LEGAL OPTIONS	12 - 24	3
A. International Court of Justice	13 - 17	3
B. Arbitration	18 - 20	4
C. Suit in a United States judicial forum	21 - 24	4
III. CONCLUSION	25	5
IV. ACTION REQUIRED OF THE BOARD	26 - 27	5
Annex Estimated cost and duration of options		6

For reasons of economy, this document has been printed in a limited number. Delegates are kindly requested to bring their copies of documents to meetings.

Introduction

1. On 31 December 1996 the Government of the United States of America ended its membership in UNIDO, at which time it owed the Organization a sum of \$61.3 million in arrears. The Board, in its decision IDB.17/Dec.3, requested the Director-General, in the context of proposed United States legislation prohibiting the payment of arrears to UNIDO, to "explore all possibilities for the collection of the arrears ...". Some political and legal options which Member States may wish to consider for the collection of unpaid assessed contributions from the United States Government are outlined in the present report.

I. POLITICAL OPTIONS

A. Contact Group of Member States

2. A Contact Group of Member States could be established by the Board and/or the General Conference and tasked with engaging the United States Government in discussions and negotiations aimed at settling the outstanding arrears. This initiative could either operate on its own or together with other options which might be retained by the Board among those set out below.

3. In discussing the specific issue of arrears, the Contact Group could appeal to the executive branch of the United States Government to prevail upon Congress to change the existing policy by removing the prohibition of payments to UNIDO from the 1997 United Nations Reform Act currently under consideration by Congress. The basic mandate of the Contact Group would be to try to obtain the payment in full of the arrears owed by the United States. However, within the framework of its negotiations, the Contact Group could also be authorized to propose to the United States Government options for debt settlement as outlined below, or to discuss the legal option of submitting the whole matter to an arbitral tribunal.

B. Enlisting the support of non-governmental organizations and industry groups

4. UNIDO could enlist the support of influential non-governmental organizations (NGOs) and industry groups to try to change the current legislative and policy environment in the United States towards UNIDO in general. The UNIDO Secretariat has already undertaken some contacts in that respect, which could be further strengthened through the Contact Group of Member States.

5. An important NGO with which the UNIDO Secretariat has often worked in the past is the United

Nations Association of America (UNA). The Chairman of UNA, and the Co-Chair of its National Council, recently sent a letter to the President of the United States concerning the United Nations Reform Act pending in the United States Congress in which they stated: "Another troublesome feature of this legislation is its renunciation of a well documented debt to UNIDO." The Association could also be helpful to UNIDO in appealing to members of Congress.

6. Moreover, UNIDO could appeal for support from industry groups with which the Secretariat has been in contact, such as the Licensing Executives Association, the American Manufacturers Association, Chambers of Commerce in the home states of UNIDO suppliers, and United States enterprises and industry associations which have benefited from UNIDO's services.

C. Purchase and procurement linkages

7. Member States could consider the possibility of excluding United States undertakings from UNIDO purchase and procurement contracts for purposes of applying political pressure aimed at inducing the United States Government to pay its arrears to UNIDO. A number of difficulties would, however, arise from the total exclusion of potential United States national bidders from UNIDO contracting procedures. Firstly, a fundamental principle of these procedures is that the Organization must obtain the best "value for money" when procuring goods and services. Thus, financial rule 109.21 (b) provides that "Contracts shall be awarded to those firms or institutions that have tendered the lowest, technically acceptable bid or submitted the lowest, technically acceptable proposal ...". Secondly, an exception to this rule—which excludes on the grounds of nationality certain otherwise financially and technically competitive undertakings—might penalize the recipients of UNIDO technical assistance by denying them the choice inherent in selecting the lowest, technically acceptable bid without necessarily influencing the attitude of the non-Member State. In principle, there is no legal impediment for the Board or the Conference to request the Director-General to introduce such an exclusion, but this would require the establishment of new evaluation elements (e.g. nationality) other than quality and price for the assessment of bids and proposals. This option would therefore need to be carefully weighed by the Member States in terms of its appropriateness as well as its effectiveness in producing the desired results.

C. Debt settlement option

8. Member States may also wish to consider a debt settlement option. This option would be based on a negotiated agreement with the United States Government to issue bonds with a future maturity date for the payment of

its arrears. A debt settlement option could be proposed by the Contact Group to the United States Government, and negotiated with United States authorities with the technical assistance of an experienced debt settlement expert.

9. The mechanics of such a settlement could be as follows: an agreement could, for example, be negotiated with the United States Government to pay its UNIDO obligations by issuing \$60 million bonds with a stated interest rate negotiated by the parties. This option has the advantage of flexibility. UNIDO would have the choice of selling all the bonds upon issuance and receiving the current cash proceeds, or selling some of the bonds each year depending upon cash requirements. UNIDO could also hold the bonds to maturity and take the annual interest payments.

10. A debt settlement option has advantages for each party. UNIDO could succeed in obtaining the settlement of outstanding United States obligations in a delicate political environment. The Organization could also achieve flexibility in managing cash flow by selling bonds for current value at its own schedule and depending upon prevailing needs. The United States would settle an outstanding legal obligation to an international organization according to negotiated terms.

11. This option would imply a discount in the present value of the obligation. The obligations of Member States, in terms of assessed contributions to the Organization, are not legally susceptible to discount; however, the United States being a non-Member State, the General Conference could give an explicit mandate to the Contact Group of Member States to negotiate the best possible settlement package with the United States authorities.

II. LEGAL OPTIONS

12. The injury inflicted upon UNIDO by the non-payment of the United States arrears provides a valid basis for a legal claim. The activities, efficiency, credibility and reform efforts of the Organization have been damaged because of the non-payment of arrears. UNIDO Member States have also been injured as they have been required to make up the shortfalls created by the arrears, such as those arising from the 1995-1996 staff reduction. Moreover, the delivery of technical assistance to developing countries has been hampered by the United States non-payment of its dues, which has led to a chronic non-availability of adequate cash for the Organization's activities. The legal options set out below contemplate the possibility of advancing UNIDO's claims in three distinct forums: the International Court of Justice, an arbitral tribunal, and a United States federal court.

A. International Court of Justice

13. A first legal option could be to request the International Court of Justice for an advisory opinion. Although not a legally enforceable judgment, there are sound strategic reasons for requesting such an opinion. An International Court of Justice advisory opinion can help mobilize public sentiment, and can be invoked in subsequent claims in domestic forums or before an arbitral tribunal. It could equally be useful in connection with the political options described above. Furthermore, the advisory opinion could spell out the legal consequences of non-payment of arrears, and reinforce the principle that the failure to fulfil financial obligations towards an international institution should be regarded as a legal injury to other States entitling them to claim redress.

14. UNIDO is empowered to request an advisory opinion of the Court under its Constitution and pursuant to its United Nations relationship agreement. Article 22.2 of the UNIDO Constitution states:

"The Conference and the Board are separately empowered, subject to authorization from the General Assembly of the United Nations, to request the International Court of Justice to give an advisory opinion on any legal question arising within the scope of the Organization's activities."

This authorization has been granted to UNIDO through its relationship agreement with the United Nations (article 12 (b)).

15. According to Article 96, paragraph 2, of the United Nations Charter, three conditions must be satisfied in order to obtain the jurisdiction of the Court when a request for an advisory opinion is submitted to it by a specialized agency: the agency requesting the opinion must be duly authorized to request opinions from the Court (which is the case of UNIDO); the opinion requested must be on a legal question; and this question must be one arising within the scope of the activities of the requesting agency.

16. There is no doubt that the collection of unpaid assessed contributions from a former Member State is a matter within the scope of activities of UNIDO. Nevertheless, a clearly formulated legal question must be submitted to the Court.

17. In acceding to the UNIDO Constitution, States undertake clear legal obligations as to the financing of the Organization. Article 15.1 of the Constitution provides:

"Regular budget expenditures shall be borne by the Members, as apportioned in accordance with a scale of assessment established by the Conference

by a two-thirds majority of the Members present and voting, upon the recommendation of the Board adopted by a two-thirds majority of the members present and voting, on the basis of a draft prepared by the Programme and Budget Committee."

Article 6.3 of the UNIDO Constitution provides:

"The contributions to be paid by the withdrawing Member for the fiscal year following that during which such instrument was deposited shall be the same as the assessed contributions for the fiscal year during which such deposit was effected. The withdrawing Member shall in addition fulfil any unconditional pledges it made prior to such deposit."

At the time of its withdrawal from UNIDO, the United States owed \$61.3 million, which remains unpaid. Therefore the following question could be put to the Court: *In circumstances in which a former Member State is in default of its financial obligations to an international organization or agency, what are the rights and legal remedies available to that entity?*

B. Arbitration

18. A second legal option is submission of the matter to an arbitral tribunal. Article 22 of the UNIDO Constitution requires that disputes be referred to the Board unless the parties concerned otherwise agree to another mode of settlement. Under Article 22.1 (b), where a dispute is not settled to the satisfaction of any party to the dispute, that party may refer the matter, if the parties so agree, to an arbitral tribunal. Each party must agree that contingencies warrant arbitration, that there is an agreement to arbitrate and an existing dispute.

19. It might be argued that there is no cognizable dispute at present, as the Department of State has indicated that "... the United States recognizes its responsibilities to UNIDO with respect to payment of its arrears ...".¹ This recognition of responsibilities and assurances to secure Congressional approval of payment to UNIDO may cast doubt on the existence of a dispute. But once the legislation pending before the United States Congress becomes law, a different situation might obtain. At this point it might be objectively concluded that a dispute exists.

20. An important consideration would be to obtain the agreement of the United States Government to submit to

arbitration. As the United States Government is no longer a member of UNIDO, the prospects of submitting to arbitration appear dim. However, if the executive branch as indicated by the State Department genuinely favours payment of arrears, the Government may still accept to submit to arbitration. This option could therefore be considered as a component of political negotiations to be undertaken on behalf of UNIDO by the Contact Group of Member States.

C. Suit in a United States judicial forum

21. A final legal option is a suit against the United States Government in a United States judicial forum. Suit may be initiated in a federal district court on a treaty obligation basis, or in the Federal Court of Claims on a contractual debt basis. Litigation must not be viewed as an end in itself, but as a tool for achieving the collection of arrears. A satisfactory result could be achieved in a negotiated settlement owing to the litigation process in whole or in part. Or it may be necessary to pursue litigation through to the actual judgement of a court.

22. UNIDO clearly possesses legal capacity to institute proceedings in the United States courts. However, there could be some difficulties with this option ranging from the issue of jurisdiction to the constitutional structure of the American Government. The threshold for the maintenance of suit against the United States Government is the doctrine of sovereign immunity. The doctrine is jurisdictional, and can serve as a complete bar to a lawsuit.

23. Another "jurisdictional" difficulty to be surmounted is the political question doctrine, by which courts abstain from hearing certain categories of cases. Such categories can include those touching on United States foreign relations: (a) where the court finds the existence of a political question, and (b) where the United States might suffer embarrassment in the conduct of its foreign relations. A further issue in the substance of the suit could involve the "supremacy clause" of the United States Constitution. "It is settled [United States] constitutional doctrine that Congress may nullify, in whole or in part, a treaty commitment".² The court could conclude on a treaty obligation analysis that the last act of Congress governs. Finally, it should be pointed out that this option would be the most expensive in terms of the costs associated with such a suit (see annex).

24. Despite the foregoing obstacles, Member States may wish to retain this option as a measure of last resort, to be used upon recommendation by the Contact Group.

¹ See letter from the Assistant Secretary of State for International Organization Affairs to the Director-General of UNIDO, 31 March 1997 (document IDB.18/11).

² *Diggs v. Shultz*, 470 F.2d 461, 465 (D.C. Cir. 1972).

III. CONCLUSION

25. The UNIDO Secretariat has already undertaken a number of initiatives as well as contacts with the United States authorities in order to secure the payment of the arrears owed by the United States Government. These contacts and initiatives will be pursued in particular with regard to the need to inform public opinion in the United States, through NGOs and industry groups, about the non-fulfilment of the United States obligations *vis-à-vis* UNIDO. However, the options presented in the present document imply a more direct involvement by the Member States of UNIDO as well as by the policy-making organs of the Organization in renewed efforts to ensure that the United States Government meets its payment obligations without delay. Thus, action by the Board and/or the Conference would be required to render operational the political and legal options described above.

IV. ACTION REQUIRED OF THE BOARD

26. The Board may wish to consider recommending to the Conference:

(a) The establishment of a Contact Group of Member States to engage in discussions and negotiations

with the United States Government aimed at ensuring the payment of its arrears to UNIDO;

(b) To authorize the Contact Group to negotiate, if necessary, a debt settlement package with the United States Government; and to try to obtain, failing agreement on the above, the consent of the United States Government to submit the entire matter to arbitration;

(c) To request, at the same time, the International Court of Justice to give an advisory opinion on the rights of UNIDO and the legal remedies available to it in view of the continued non-fulfilment by the United States Government of its financial obligations towards the Organization, subsequent to its withdrawal from UNIDO;

(d) To authorize the Board to determine the manner in which eventual payments by the United States should be utilized, should such payments be received by the Organization between sessions of the Conference.

27. The Board may also wish to request the Director-General to pursue his contacts with non-governmental organizations and industry groups in the United States in order to provide full information to the public and enlist their support in connection with the non-fulfilment by the United States Government of its treaty obligations towards the Organization.

Annex

ESTIMATED COST AND DURATION OF OPTIONS

A. International Court of Justice advisory opinion

Duration from submission of request: approximately one year
Cost: \$40,000 - \$50,000

B. International arbitration

Duration: Between six months and one year
Cost: \$200,000 - \$400,000. Fee can be capped based on arrangement with counsel.

C. Litigation in a United States court

Duration: One to two years
Cost: If carried to judgement: \$800,000. Cost would be lower if dismissed for jurisdiction, settled pre-trial, or settled during trial phases. Fee can be capped based on arrangement with counsel.

D. Debt settlement: Estimated cost of expert advice

Phase I: Settlement design: \$10,000 flat fee plus out-of pocket expenses.
Phase II: Negotiations: Hourly billing at approximately \$300 per hour.



Distr.
GENERAL

IDB.18/19
30 October 1997

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Resumed eighteenth session
Vienna, November 1997
Agenda item 6

PRIN

PREPARATIONS FOR THE SEVENTH SESSION OF THE GENERAL CONFERENCE

Note by the Secretariat

1. Pre-session meetings of the Bureaux function as an important mechanism for preparing sessions of the Industrial Development Board and the Programme and Budget Committee. In the case of the General Conference, whose officers—in many instances—are not stationed in Vienna, such an approach is impractical. For that reason, and as explained in paragraph 15 of document IDB.17/15, the work of previous sessions of the Conference was facilitated by an informal contact group of permanent missions.

2. As mentioned in the annotated agenda (IDB.18/1 Rev.1/Add.1), organizational and procedural matters related to the Conference will be discussed by permanent missions in briefings prior to the session. One such briefing was held on 16 October 1997. It is the intention of Mr. I. Posta (Hungary), President of the Board, to convene an informal meeting on the same question on 21 November 1997 at 10 a.m., during which recommendations to the General Conference on organizational and procedural matters could be formulated. Any recommendations thus made would have no official status until acted upon by the Conference, but would represent an important contribution insofar as they would save valuable in-session time for initial discussions on the matters concerned.

3. Recommendations may cover the following organizational matters:

- (a) Proposed schedule;
- (b) Grouping of agenda items for purposes of a general debate. (For ease of reference, the provisional agenda is contained in the annex to the present document);

(c) Establishment of a Main Committee;

(d) Allocation of agenda items to a Main Committee.

4. The informal meeting may represent a mechanism for the exchange of information concerning nominations for the posts of President, Vice-Presidents, Chairman of the Main Committee (subject to its establishment), and Credentials Committee. The meeting may also be informed by the chairmen of the regional groups of candidatures for membership of the Industrial Development Board and the Programme and Budget Committee.

ACTION REQUIRED OF THE BOARD

5. The Board may wish to consider adopting the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in documents IDB.17/15 and IDB.18/19;

"(b) Requests the President of the Board to organize an informal meeting on 21 November 1997 for the purpose of considering organizational and procedural matters related to the seventh session of the General Conference;

"(c) Also requests the President of the Board to report to the General Conference any recommendations emanating from the informal meeting."

V.97-27636 (E) (a, 1997 p.m.s. 9)

Distr.: 3 November 1997

Annex

PROVISIONAL AGENDA

GENERAL CONFERENCE, SEVENTH SESSION

1. Opening of the session.
2. Election of officers:
 - (a) Election of the President;
 - (b) Election of other officers.
3. Adoption of the agenda.
4. Organization of work.
5. Credentials of representatives to the Conference.
6. Elections to organs:
 - (a) Industrial Development Board;
 - (b) Programme and Budget Committee.
7. Reports of the Industrial Development Board on the work of its fifteenth, sixteenth, seventeenth and eighteenth regular sessions and of its seventh special session.
8. Annual reports of the Director-General on the activities of the Organization for 1995 and 1996.
9. Policy framework of UNIDO.
10. Financial matters:
 - (a) Financial situation of UNIDO;
 - (b) Scale of assessments of Member States;
 - (c) Working Capital Fund;
 - (d) Appointment of external auditor.
11. Industrial Development Fund.
12. Financial Regulations of UNIDO.
13. Medium-term programme framework, 1998-2001.
14. Programme and budgets, 1998-1999.
15. Development of human resources for industry.
16. Integration of women in industrial development.
17. Environmentally sustainable industrial development.
18. Industrialization of the least developed countries.
19. Private sector development.
20. Industrial investment promotion.
21. The regional dimension:
 - (a) Africa (in particular the Second Industrial Development Decade for Africa);
 - (b) Arab countries programme, including technical assistance to the Palestinian people;
 - (c) Asia and the Pacific;
 - (d) Latin America and the Caribbean.
22. Geographical distribution of Managing Directors.
23. Personnel matters: United Nations Joint Staff Pension Fund.
24. Matters related to intergovernmental, non-governmental, governmental and other organizations.
25. Appointment of the Director-General.
26. Date and place of the eighth session.
27. Closure of the session.